

Message Text

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PAGE 01 STATE 231268

64

ORIGIN SS-20

INFO OCT-01 EUR-25 ISO-00 PM-07 EB-11 TRSE-00 OMB-01

COME-00 IO-14 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

INR-10 L-03 NEA-10 NSAE-00 PA-04 RSC-01 PRS-01 SPC-03

SAJ-01 NSC-10 /122 R

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FM SECSTATE WASHDC

TO USMISSION NATO IMMEDIATE

ALL NATO CAPITALS

C O N F I D E N T I A L STATE 231268

E.O. 11652: GDS

TAGS: MCAP, EFIN, NATO

SUBJECT: MULTILATERAL BURDENSARING

1. OUR OBJECTIVE IS TO ELIMINATE, ON AN ANNUAL BASIS,
OUR BOP DEFICIT ON MILITARY ACCOUNT AND THE ADDITIONAL
BUDGETARY COSTS ASSOCIATED WITH STATIONING US FORCES IN
EUROPE AND TO PERSUADE OUR ALLIES THAT THEY MUST CONTRI-
BUTE MATERIALLY TO THE SOLUTION OF THIS PROBLEM. SUCH
ACTION WOULD ALLEVIATE CONGRESSIONAL CONCERN REGARDING US
TROOP LEVELS BASED ON BOP CONSIDERATIONS.

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PAGE 02 STATE 231268

THE ENTRY INTO FORCE
OF THE JACKSON-NUNN AMENDMENT ADDS A NEW ELEMENT OF URGENCY TO THE SITUATION. WE PROPOSE THAT YOU INTRODUCE IN NAC, AT A TIME YOU CONSIDER APPROPRIATE, A US PROPOSAL (PARA 3 BELOW), WHICH IDENTIFIES SPECIFIC PROJECTS AND DOLLAR TARGETS BY COUNTRY. WE HOPE THAT THIS MORE PRECISE FORMULATION OF THE KIND OF ASSISTANCE WE ARE LOOKING FOR WILL FACILITATE THE DEVELOPMENT OF AN ALLIED PROGRAM IN TIME FOR CONSIDERATION AT THE DECEMBER MINISTERIAL.

2. IN THE NEAR TERM OUR AIM IS TO FIND PRACTICAL WAYS TO OFFSET THE EXPECTED FY 1974 MILITARY BOP DEFICIT IN NATO EUROPE IN ORDER THAT WE WILL NOT BE REQUIRED TO REDUCE OUR FORCES AS NOW

STIPULATED IN THE JACKSON-NUNN AMENDMENT (SEE STATE 207325). IF THE ALLIES ARE TO COME UP WITH A PROGRAM THAT MEETS THE REQUIREMENTS OF JACKSON-NUNN AND THE PRESIDENT'S GOAL OF SUBSTANTIALLY 100 PER CENT OFFSET (INCLUDING AT LEAST DOLS. 440 MILLION IN DIRECT BUDGETARY SUPPORT), WE BELIEVE IT IS NOW NECESSARY TO TABLE A SPECIFIC PROPOSAL FOR DISCUSSION.

3. IF WE ASSUME THAT PROJECTED US DEFENSE EXPENDITURES IN FY 74 (DOLS. 2.5 BILLION) WILL BE PARTLY OFFSET BY A 100 PER CENT US-FRG OFFSET AGREEMENT (DOLS. 1.6 BILLION , OF WHICH DOLS. 310 MILLION IS FOR DIRECT BUDGETARY SUPPORT), WE NEED A MULTILATERAL PLAN TO OFFSET THE REMAINING DOLS. 900 MILLION IN FY 74. WE HAVE EXAMINED THE POSSIBILITIES FOR ARRANGEMENTS TO OFFSET THIS LATTER AMOUNT, AND HAVE DEVELOPED THE FOLLOWING AS THE PREFERRED APPROACH: (A) INCREASED MILITARY PROCUREMENT PAYMENTS BY THE ALLIES OF DOLS. 206.8 MILLION OVER THE CURRENTLY PROJECTED FY 74 LEVEL OF DOLS. 543.2 MILLION (INCLUDING COMMERCIAL MILITARY SALES); AND (B) ALLIED ASSUMPTION OF DOLS. 150 MILLION IN SPECIFIC US BUDGETARY COSTS IN EUROPE, INCLUDING BUDGETED CONSTRUCTION AND BASE OPERATION. IN DETERMINING THESE AMOUNTS, WE TOOK INTO CONSIDERATION (A) THE NEED FOR AT LEAST DOLS. 130 MILLION IN DIRECT BUDGETARY SUPPORT IN ORDER (TOGETHER WITH THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 231268

DOLS. 310 MILLION REQUESTED FROM THE FRG) TO MEET OUR STATED GOAL OF DOLS. 440 MILLION, AND (B) ACCEPTABILITY TO THE ALLIES. IN THIS LATTER CONNECTION, IT WAS OUR JUDGMENT THAT THE ALLIES WOULD NOT BE PREPARED TO PROVIDE BUDGETARY SUPPORT IN AN AMOUNT SUBSTANTIALLY MORE THAN WHAT IS REQUIRED TO MEET THE DOLS. 440 MILLION GOAL. WE CONCLUDED, THEREFORE, THAT ADDITIONAL MILITARY PROCUREMENT WOULD BE THE MOST FEASIBLE MEANS OF OBTAINING

THE REMAINING AM

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, ARMED FORCES, FINANCIAL CONTRIBUTIONS, COLLECTIVE SECURITY AGREEMENTS, MILITARY PLANS, BUDGET ESTIMATES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE231268
Document Source: CORE
Document Unique ID: 00
Drafter: GEN.LOBDELL/ACHAPA:HR
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731115/aaaaakmx.tel
Line Count: 108
Locator: TEXT ON-LINE
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 22 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Aug-2001 by boyleja>; APPROVED <10-Oct-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MULTILATERAL BURDENSARING
TAGS: MCAP, EFIN, US, NATO
To: NATO BRUSSELS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005